

**Williamsburg Technical College**

**Audited Financial Statements**

**And**

**Additional Information**

**June 30, 2009**

**WILLIAMSBURG TECHNICAL COLLEGE  
KINGSTREE, SOUTH CAROLINA**

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**Williamsburg Technical College**

**Kingstree South Carolina**

**For the year ended June 30, 2009**

**Area Commissioners**

<b><u>Name</u></b>	<b><u>County</u></b>	<b><u>Office</u></b>	<b><u>Term</u></b>
Askins, Gregory B.	Williamsburg	Chairman	7/1/09
Brown, Walter H.	Williamsburg	Member	7/1/11
Dimery-Barr, Lorraine B.	Williamsburg	Member	7/1/01
Gardner, Johnny M.	Williamsburg	Member	7/1/12
Green, S. Christine	Williamsburg	Secretary-Treasurer	7/1/09
Huell, Harry L.	Williamsburg	Member	7/1/07
Lovett, J. Braxton	Williamsburg	Member	7/1/11
Poston, Henry M.	Williamsburg	Member	7/1/09
Stuckey, James S.	Williamsburg	Member	7/1/11
Thompson, Joan B.	Williamsburg	Vice Chairman	7/1/09
Williams, Gertrude P.	Williamsburg	Member	7/1/09

**Executive Staff**

Dr. Cheryl Cox	President (Interim)
Dr. Eric A. Brown	Dean of Student Services/Financial Aid
Melissa A. Coker	Chief Business Officer
Mona D. Dukes	Chief Development Officer
Clifton R. Elliott	Dean of Instruction
Kenneth Wooten	Continuing Education Director

**Area Served and Providing Financial Support**

Williamsburg County

***Independent Auditors' Report***

The President and Members of the Area Commission  
**Williamsburg Technical College**  
Kingstree, South Carolina

We have audited the accompanying financial statements of the business-type activities of **Williamsburg Technical College** (the College), as of and for the year ended June 30, 2009, which collectively comprise the College's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Williamsburg Technical College as of June 30, 2009, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2009, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 4-10 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this required supplementary information. However, we did not audit this information and express no opinion on it.

**Members**

SC Association of Certified Public Accountants

NC Association of Certified Public Accountants

**Member**

Division for CPA Firms, AICPA



The President and Members of the Area Commission  
Williamsburg Technical College  
Page Two

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Walter Rogers L Z P*

Florence, South Carolina  
September 30, 2009

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of Williamsburg Technical College's (the "College") presents management's discussion and analysis of the College's financial performance during the fiscal year ended June 30, 2009. This discussion should be read in conjunction with financial statements and the notes thereto, which follow this section.

The financial statement presentation required by GASB Statements No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows and replaces the fund-group perspective previously required.

### **Financial Highlights**

- The assets of Williamsburg Technical College exceeded its liabilities at June 30, 2009 by \$3,918,446
- The College's net assets increased by \$29,947.
- The College has no debt during the current fiscal year. The College received capital funding in the amount of \$37,803 from State and other sources that provided the resources for its ongoing efforts to improve and update equipment and buildings.
- The College experienced an operating loss of \$2,045,988 as reported in the Statement of Revenues, Expenses, and Changes in Net Assets. However, State appropriations, which are the College's largest unrestricted revenue source, of \$1,400,170, local appropriations of \$505,643 and other nonoperating revenues of \$136,699, offset this operating loss.

### **Overview of the Financial Statements**

The College is engaged only in Business-Type Activities (BTA) that are financed in part by fees charged to students for educational services. Accordingly, its activities are reported using the three financial statements required for proprietary funds: Statement of Net Assets; Statement of Revenues, Expenses, and Changes in Net Assets; and Statement of Cash Flows.

The Statement of Net Assets presents the financial position of the College at the end of the fiscal year and requires classification of assets and liabilities into current and noncurrent categories. The difference between total assets and total liabilities is reflected in the net assets section, which displays net assets in three broad categories: invested in capital assets (net of related debt), restricted, and unrestricted. Net assets are one indicator of the current financial condition of the College, while the change in net assets is an indicator that the overall financial condition has improved or worsened during the year.

The Statement of Revenues, Expenses, and Changes in Net Assets replaces the fund perspective with the entity-wide perspective. Revenues and expenses are categorized by operating and non-operating, and expenses are reported by natural classification.

The Statement of Cash Flows will aid readers in identifying the sources and uses of cash by the major categories of operating, capital and related financing, noncapital financing, and investing activities. This statement also emphasizes the College's dependence on state and county appropriations by separating them from operating cash flows.

### Financial Analysis of the College as a Whole

This schedule is a condensed version of the College's assets, liabilities and net assets and is prepared from the Statement of Net Assets.

#### WILLIAMSBURG TECHNICAL COLLEGE KINGSTREE, SOUTH CAROLINA

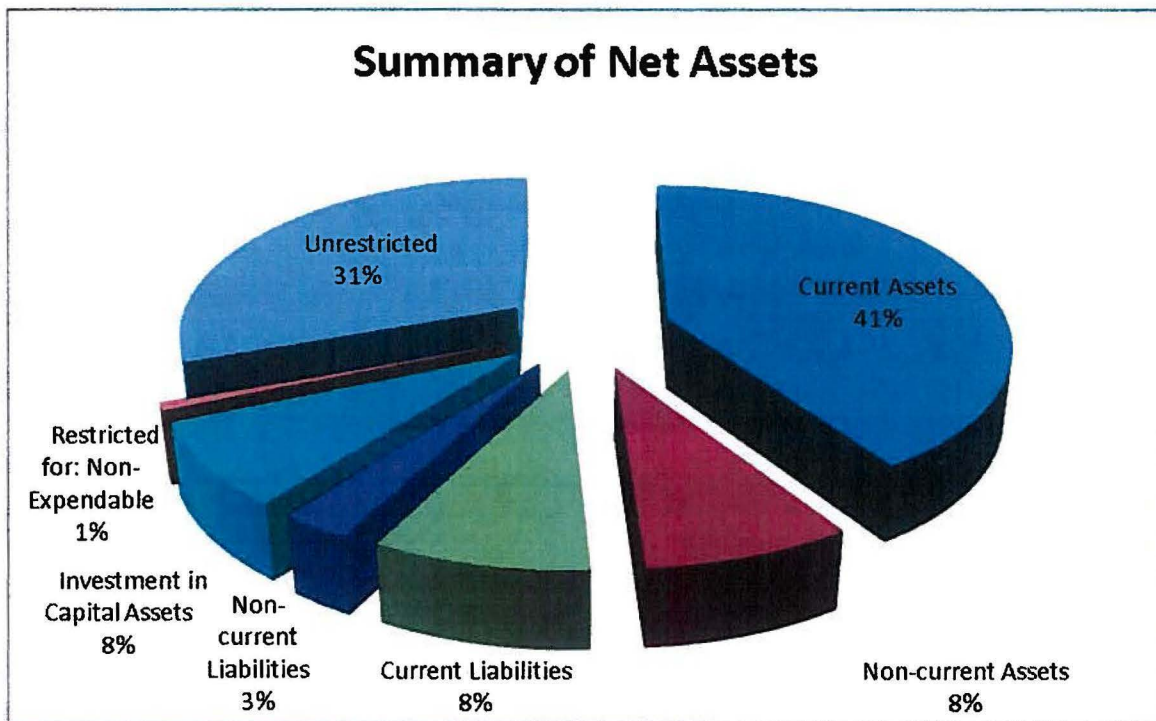
##### Statement of Net Assets June 30, 2009

	June 30	
	2009	2008
<b>ASSETS</b>		
Current Assets	4,243,476	3,439,457
Noncurrent Assets	853,852	962,344
Total Assets	5,097,328	4,401,801
<b>LIABILITIES</b>		
Current Liabilities	889,747	273,008
Noncurrent Liabilities	289,135	240,294
Total Liabilities	1,178,882	513,302
<b>NET ASSETS</b>		
Invested in Capital Assets	853,852	962,344
Restricted For:		
Nonexpendable:		
Endowment	78,952	75,325
Unrestricted	2,985,642	2,850,830
Total Net Assets	\$ 3,918,446	\$ 3,888,499

Net assets may serve over time as a useful indicator of an entity's financial position. In the case of the College, assets exceeded liabilities by \$3,918,446 at the close of fiscal year ended June 30, 2009.

The College's investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding reflects approximately 21 percent of its total net assets. The College uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending.

Approximately one percent of the College's net assets represent resources that are subject to external restrictions on how they may be used. *Unrestricted net assets* of \$2,985,642 or approximately 78 percent may be used to meet the College's ongoing unrestricted obligations. Pictorial presentations of specific areas of the College's financial condition on June 30, 2009 appear in the charts and graphs that follow.



Cash increased by \$1,087,334 during the fiscal year. A summary schedule of the increase in cash flows for the fiscal years ended June 30, 2009 and 2008 is as follows:

	<u>2009</u>	<u>2008</u>	<u>Increase (Decrease)</u>
Cash Provided (Used) by:			
Operating Activities	(\$625,189)	(\$2,478,702)	\$1,853,513
Non Capital Financing Activities	2,058,529	2,515,532	(457,003)
Capital Related Financing Activities	(29,583)	3,307	(32,890)
Investing Activities	(316,423)	38,160	(354,583)
Net Increase (Decrease) in Cash Flows	<u>\$1,087,334</u>	<u>\$78,297</u>	<u>\$1,009,037</u>

This schedule is a summary of the College's operating results for the fiscal year.

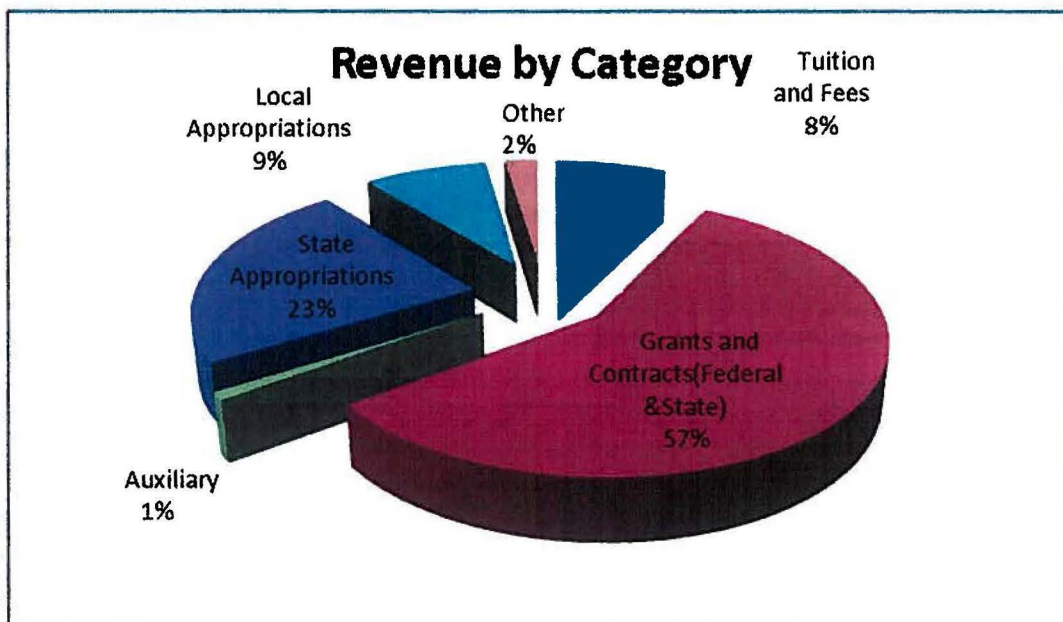
**WILLIAMSBURG TECHNICAL COLLEGE  
KINGSTREE, SOUTH CAROLINA**

Statement of Revenues, Expenses and Changes in Net Assets  
For the Year Ended June 30, 2009

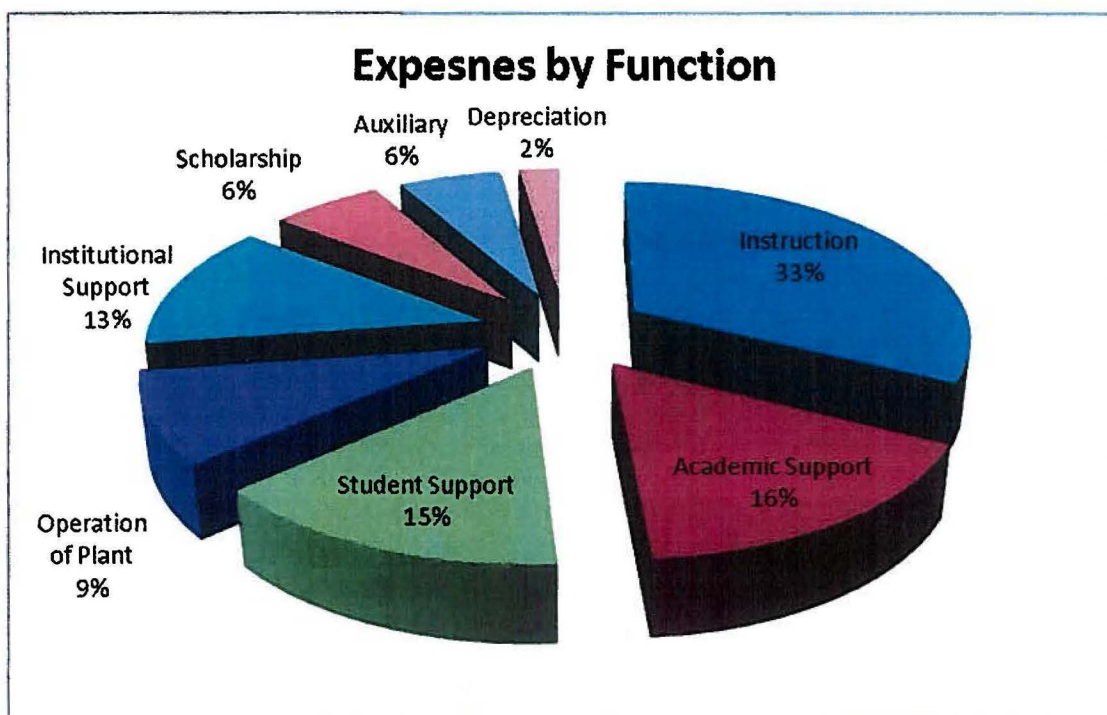
	June 30	
	2009	2008
<b>REVENUES</b>		
Total Operating Revenues	4,112,861	3,871,602
<b>EXPENSES</b>		
Total Operating Expenses	6,158,849	6,489,826
Operating Income (Loss)	(2,045,988)	(2,618,224)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Net Nonoperating Revenues	2,038,132	2,605,952
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	(7,856)	(12,272)
<b>OTHER OPERATING REVENUES, EXPENSES, GAINS OR LOSSES</b>		
State Capital Appropriations	37,803	13,213
Increase (Decrease) in Net Assets	29,947	941
<b>NET ASSETS</b>		
Net Assets - Beginning of Year	3,888,499	3,887,558
Net Assets - End of Year	<u>\$ 3,918,446</u>	<u>\$ 3,888,499</u>

A large portion of the revenue included in the Grants and Contracts category represents student financial assistance, which is used to pay tuition and fees for students to attend the College. An approximation of tuition and fees paid from this source of funds has been recognized as a reduction of tuition and fees in the form of scholarship allowances, in order to eliminate duplication of revenues.





In excess of \$3.2 million of the College's operating expenses occurred in the salary and benefits classification. Of this amount approximately 64 percent are identified as instructional, academic support, and student services support. Supplies and Other Services is the second largest classification of expenses and include expenses not otherwise classified. Note 13 in the accompanying notes to the financial statements identify operating expenses by functional classification.



## Capital Asset and Debt Administration

The college has completed a capital needs assessment and is preparing a comprehensive plan to address the plant needs. Currently the college has no debt. The College has recorded compensated absences payable in the amount of \$330,400 for obligations to employees of which \$33,159 is considered a current liability. The change in capital assets during the fiscal year is as follows:

Beginning Capital Assets, Net of Accumulated Depreciation	\$ 962,344
Assets Purchased During the Year	42,796
Depreciation Expense Recorded During the Current Year	(139,227)
Book Value of Asset Disposal During the year	<u>(12,061)</u>
Ending Capital Assets Net of Accumulated Depreciation	<u>\$ 853,852</u>

## Economic Factors

In 2008-09 the College suffered a significant cut to state funding. However, ARRA funds have helped stabilize the College's budget and will allow time for either state funding to improve or student generated funding due to enrollment growth and tuition increases to replace the lost funds. Enrollment in the Fall 2009 semester was at record highs for the college. The increase in skills and knowledge required even for entry level jobs and the weak job market is likely to continue to drive enrollment up for the foreseeable future.

Currently, federal Pell covers most of the College's needy students' tuition and fees. This year the College continued the two distributions of Pell to assist students with the rising cost of books and supplies for the two main semesters of the school year. Pell will allow for three semester awards until the 2012. Lottery tuition assistance (LTA) applies only after federal Pell and then for the balance of tuition cost up to the maximum per credit hour established by State Board for Technical and Comprehensive Education (SBTCE) and approved by Commission on Higher Education. (CHE). Currently LTA funds cannot be used for books and supplies or other cost of attendance.

The College's Practical Nursing Program continues to be successful with very high licensure pass rates and very high job placement rates. The College received a portion of the Allied Health Initiative money from the state for the 09-10 year which will assist in growing the Practical Nursing Program. In addition grant funds are being sought from multiple sources to supplement and accelerate the growth of this program.

The College has seen growth in trades programs over the last few years. The welding program in particular continues to grow at an above average rate. Collaboration with South Carolina State with the Early Child Care and Education program continues to benefit an increasing number of students.

The Continuing Education department is looking forward to continued growth as increasing numbers of individuals seek short term training to gain the skills, competencies and industrial certifications necessary for employment in this economy. The increase in federal funding available to support job and industrial training participation should increase enrollment in the College's Continuing Education programs.

### **Request for Information**

This financial report is designed to provide a general overview of the Williamsburg Technical College's finances for all those with an interest in the college's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Chief Business Officer, 601 Martin Luther King Jr. Ave, Kingstree, SC 29556.



## FINANCIAL STATEMENTS

**WILLIAMSBURG TECHNICAL COLLEGE  
KINGSTREE, SOUTH CAROLINA**

Statement of Net Assets  
June 30, 2009

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 2,564,980
Short Term Investments - Restricted for Endowment	78,952
Short Term Investments	666,658
Accounts Receivable, Net	853,330
Inventory	69,664
Prepaid Expenses	9,892

Total Current Assets	<u>4,243,476</u>
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**NONCURRENT ASSETS**

Capital Assets, Net of Accumulated Depreciation	<u>853,852</u>
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Total Noncurrent Assets	<u>853,852</u>
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Total Assets	<u>5,097,328</u>
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**LIABILITIES**

**CURRENT LIABILITIES**

Accounts Payable	9,858
Compensated Absences Payable	41,265
Deferred Revenue	838,624

Total Current Liabilities	<u>889,747</u>
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**NONCURRENT LIABILITIES**

Compensated Absences Payable	<u>289,135</u>
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Total Noncurrent Liabilities	<u>289,135</u>
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Total Liabilities	<u>1,178,882</u>
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**NET ASSETS**

Invested in Capital Assets	853,852
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Restricted For:

Nonexpendable:

Endowment	78,952
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Unrestricted	<u>2,985,642</u>
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Total Net Assets	<u>\$ 3,918,446</u>
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The accompanying notes to financial statements are an integral part of this statement.

WILLIAMSBURG TECHNICAL COLLEGE  
KINGSTREE, SOUTH CAROLINA

Statement of Revenues, Expenses and Changes in Net Assets  
For the Year Ended June 30, 2009

**REVENUES**

**OPERATING REVENUES**

Student Tuition and Fees	
(Net of Scholarship Allowances of \$1,382,185)	\$ 459,346
Federal Grants and Contracts	2,627,477
State Grants and Contracts	826,762
Auxiliary Enterprises (Net of Scholarship Allowances of \$ 262,622)	62,577
Other Operating Revenues	136,699

Total Operating Revenues	4,112,861
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**EXPENSES**

**OPERATING EXPENSES**

Salaries	2,957,533
Benefits	833,462
Scholarships	377,260
Utilities	108,289
Supplies and Other Services	1,743,078
Depreciation	139,227

Total Operating Expenses	6,158,849
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Operating Income (Loss)	(2,045,988)
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**NONOPERATING REVENUES (EXPENSES)**

State Appropriations	1,400,170
County Appropriations	505,643
Investment Income	73,405
State Grants and Contracts	2,896
Local Grants and Contracts	64,758
Federal Contracts	3,321
Loss on Disposal of Capital Assets	(12,061)

Net Nonoperating Revenues	2,038,132
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Income (Loss) Before Other Revenues, Expenses, Gains or Losses	(7,856)
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**OTHER REVENUES, EXPENSE, GAINS OR LOSSES**

State Capital Appropriations	37,803
Increase (Decrease) in Net Assets	29,947

**NET ASSETS**

Net Assets - Beginning of Year	3,888,499
Net Assets - End of Year	\$ 3,918,446

The accompanying notes to financial statements are an integral part of this statement.

**WILLIAMSBURG TECHNICAL COLLEGE  
KINGSTREE, SOUTH CAROLINA**

Statement of Cash Flows  
For the Year Ended June 30, 2009

**CASH FLOWS FROM OPERATING ACTIVITIES**

Tuition and Fees (Net of Scholarship Allowances)	\$ 378,198
Federal, State and Local Grants and Contracts	4,561,085
Auxiliary Enterprise	101,600
Other Receipts	136,699
Payments to Vendors	(2,047,032)
Payments to Employees	(3,755,739)
Net Cash Provided (Used) by Operating Activities	<u>(625,189)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

State Appropriations	1,462,708
County Appropriations	506,144
State, Local and Federal Grants, Gifts and Contracts - Non Operating	89,677
Net Cash Flows Provided by Noncapital Financing Activities	<u>2,058,529</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

State Capital Appropriations	13,213
Purchase of Capital Assets	(42,796)
Net Cash Provided by Capital and Related Financing Activities	<u>(29,583)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from Sales and Maturities of Investments	351,980
Interest on Investments	77,207
Purchase of Investments	(745,610)
Net cash Flows Provided (Used) by Investing Activities	<u>(316,423)</u>

Net Increase(Decrease) in Cash	1,087,334
Cash - Beginning of Year	1,477,646
Cash - End of Year	<u>\$ 2,564,980</u>

**Reconciliation of Net Operating Revenue (Expenses) to Net Cash  
Provided (Used) by Operating Activities:**

Operating Income (Loss)	\$ (2,045,988)
Adjustments to Reconcile Net Income (Loss) to Net Cash	
Provided (Used) by Operating Activities	
Depreciation Expense	139,227
Allowence for uncollectable receivables	200,000
Change in Assets and Liabilities	
Accounts Receivables, Net	433,742
Inventory	(17,071)
Prepaid Expenses	(679)
Accounts Payable	(655)
Compensated Absences	35,256
Deferred Revenue	630,979
Net Cash Provided (Used) by Operating Activities	<u>\$ (625,189)</u>

The accompanying notes to financial statements are an integral part of this statement.

**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Nature of Operations:** Williamsburg Technical College (the "College"), a member institution of the South Carolina Technical College System, provides a range of educational programs to meet the needs of the adult population of Williamsburg county and surrounding area. Included in this range of programs are technical and occupational associate degree, diploma and certificate curricula that are consistent with the needs of employers in the College's service area. As an integral part of this mission, the College provides a program of continuing education designed to satisfy the occupational demands of employers through retraining and upgrading the skills of individual employees. The College also provides a variety of developmental education programs, support services and offerings to assist students in meeting their personal and professional educational objectives.

**B. Reporting Entity:** The financial reporting entity, as defined by the Governmental Accounting Standards Board (GASB) consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. Accordingly, the financial statements include the accounts of Williamsburg Technical College, as the primary government. The College is part of the primary government of the State of South Carolina. Williamsburg Technical College has determined that it is not a component unit of another entity, and it has no component units.

**C. Financial Statements:** The financial statements are presented in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The financial statement presentation required by GASB Statements No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets and cash flows that replace the fund-group perspective previously required.

**D. Basis of Accounting:** For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly are presented as scholarship expenses. All significant intra-institutional transactions have been eliminated.

The College has elected not to apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

**E. Cash and Cash Equivalents:** For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State of South Carolina State Treasurer's Office are considered cash equivalents.

**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Investments:** Deposits and investments for the College are governed by the South Carolina Code of Laws, Section 11-9-660, "Investment of Funds". *GASB Statement No. 40, Deposits and Investment Risk Disclosures – an amendment to GASB Statement No. 3*, requires disclosures related to deposit risks, such as custodial credit risk, and investment risks, such as credit risk (including custodial credit risk and concentrations of credit risks) and interest rate risk. The college accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the fair value of investments are reported as a component of investment income in the statement of revenues, expenses and changes in net assets.

**G. Accounts Receivable:** Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal government, State and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

**H. Inventories:** Inventories for internal use are valued at cost. Inventories for resale are carried at the lower of cost or market on the first-in, first-out ("FIFO") basis.

**I. Capital Assets:** Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The College follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions, renovations, and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The College capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements, and intangible assets costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and improvements and land improvements and 2 to 25 years for machinery, equipment, and vehicles. A full year of depreciation is taken the year the asset is placed in service and no depreciation is taken in the year of disposition.

**J. Deferred Revenues and Deposits:** Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

**K. Compensated Absences:** Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as a component of long-term liabilities in the statement of net assets and as a component of benefit expenses in the statement of revenues, expenses, and changes in net assets. The liability for accrued compensated absences include all accrued vacation leave, unused holiday, and related



**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

fringe benefits. Other compensated absences such as sick pay, do not vest; accordingly no liability is accrued.

**L. Net Assets:** The College's net assets are classified as follows:

***Invested in capital assets, net of related debt:*** This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

***Restricted net assets - expendable:*** Restricted expendable net assets include resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

***Restricted net assets - nonexpendable:*** Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

***Unrestricted net assets:*** Unrestricted net assets represent resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

The College policy for applying expenses that can use both restricted and unrestricted resources is delegated to the departmental administrative level. General practice is to first apply the expense to restricted resources and then to unrestricted resources.

**M. Nonexchange Transactions:** Nonexchange transactions involving financial or capital resources are transactions in which the college either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange. The types of nonexchange transactions the college engages in include "Voluntary nonexchange transactions" (certain grants and donations), and "Imposed nonexchange revenue" (fines and penalties), and "Government-mandated nonexchange transactions."

Voluntary nonexchange transactions usually involve eligibility requirements that must be met before transactions are recognized. The eligibility requirements can include one or more of the following:

- a. The recipient has the characteristics specified by the provider.
- b. Time requirements specified by the provider have been met.
- c. The provider offers resources on a reimbursement basis and allowable costs have been incurred under the applicable program.

**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- d. The provider's offer of resources is contingent upon a specified action of the recipient and that action occurred.

Resources transmitted before the eligibility requirements are met are reported as advances by the provider and as deferred revenues by recipients.

Assets from imposed nonexchange revenues are recognized when an enforceable legal claim to the assets arises or when the resources are received.

**N. Classification of Revenues:** The College has classified its revenues as either operating or non-operating revenues according to the following criteria:

*Operating revenues:* Operating revenues generally result from exchange transactions to provide goods or services related to the College's principal ongoing operations. These revenues include (1) student tuition and fees received in exchange for providing educational services, housing, and other related services to students; (2) receipts for scholarships where the provider has identified the student recipients; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the College; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the College would not otherwise undertake.

*Nonoperating revenues:* Nonoperating revenues include activities that have the characteristics of non-exchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes.

*Scholarship discounts and allowances:* Student tuition and fee revenues are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net assets. Scholarship allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain grants, such as Pell and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

**O. Classification of Expenses:** The College has classified its expenses as either operating or nonoperating expenses according to the following criteria:

*Operating expenses:* Operating expenses generally result from the purchasing of goods or services related to the College's principal ongoing operations. These expenses include (1) salaries and benefits paid to employees for providing educational services and other related services to students; (2) utilities to maintain the educational buildings; (3) supplies and services for goods and services provided to the College; (4) scholarship expenses for student financial assistance; and (5) depreciation expense for capital items.



**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Nonoperating expenses:* Nonoperating expenses include activities that have the characteristics of nonexchange transactions. These expenses include interest expense and capital items purchased.

**P. Auxiliary Enterprises and Internal Service Activities:** Auxiliary enterprise revenues primarily represent revenues generated by bookstores and food services. Revenues of internal service and auxiliary enterprise activities and the related expenditures of college departments have been eliminated.

**Q. Capitalized Interest:** The College's policy is to capitalize as a component of construction in progress interest cost in excess of earnings on debt associated with capital projects that will be capitalized in the applicable capital asset categories upon completion. During the fiscal year ended June 30, 2009, no interest costs were capitalized.

**R. Income Taxes:** The College is exempt from income taxes under the Internal Revenue Code.

**S. Restricted Cash and Investments:** The College has funds which were donated by private citizens as a non-expendable endowment to the college.

**T. Accounting Estimates:** The preparation of financial statements in accordance with generally accepted accounting principles requires the management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Allowances for losses for student accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account.

**NOTE 2 - CASH, DEPOSITS, AND INVESTMENTS**

The following schedule reconciles cash and investments as reported on the Statement of Net Assets to footnote disclosure provided for deposits and investments.

Statement of Net Assets:

Cash and cash equivalents	\$2,564,980
Short-term Investments (Restricted)	78,952
Short-term Investments	<u>666,658</u>
TOTAL CASH AND INVESTMENTS ON STATEMENT OF NET ASSETS	<u>\$3,310,590</u>

Disclosure, Deposits and Investments Plus Reconciling Items:

Carrying value deposits:	
Held by financial institutions	\$2,564,480
Investments held by financial institutions, reported amount	745,610
Cash on hand	<u>500</u>
TOTAL DISCLOSURE, DEPOSITS AND INVESTMENTS PLUS RECONCILING ITEMS	<u>\$3,310,590</u>

**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2009**

**NOTE 2 - CASH, DEPOSITS, AND INVESTMENTS (continued)**

**DEPOSITS**

State law requires that a bank or savings and loan association receiving State funds must secure the deposits by deposit insurance, surety bonds, collateral securities, or letters of credit to protect the State against any loss.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that a government will not be able to recover deposits if the depository financial institution fails or to recover the value of collateral securities that are in the possession of an outside party if the counterparty to the deposit transaction fails. The College does not have a deposit policy for custodial credit risk.

The bank balances on deposit for Williamsburg Technical College at June 30, 2009, were \$3,572,176. Of these, \$2,805,090 were exposed to custodial credit risk as uninsured and collateralized with securities held by the pledging institutions in the College's name. The carrying values of these deposits were \$3,310,090. All certificates of deposit, regardless of maturity are reported as deposits for custodial credit risk categorization.

**Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Williamsburg Technical College does not maintain deposits that are denominated in a currency other than the United States dollar; therefore, the college is not exposed to this risk.

**INVESTMENTS**

The College is authorized, by the South Carolina Code of Laws, Section 11-9-660, to invest in obligations of the United States and its agencies, obligations of the State of South Carolina and its political subdivisions, collateralized or federally insured certificates of deposit, and collateralized repurchase agreements.

Temporary cash investments of the College are short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near maturity that they present insignificant risks of changes in value because of changes in interest rates.

Restricted investments include \$78,952 held for endowment.

The College's investments and maturities at June 30, 2009, that are not with the State Treasurer's Office are presented below.

<u>Investment Type</u>	<u>Fair Value Amount</u>	<u>Investment Maturities (in years)</u>			
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Certificate of Deposit.....	\$745,610	\$745,610	\$-	\$ -	\$-

**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2009**

**NOTE 2 - CASH, DEPOSITS, AND INVESTMENTS (continued)**

**Custodial Credit Risk**

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the college will not be able to recover the investments value or collateral securities that are in the possession of the outside party. The College does not have an investment policy regarding credit risk. The College does not currently have investments that are exposed to credit risk.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College does not have an investment policy regarding credit risk. The College does not currently have investments that are exposed to credit risk.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College places no limits on the amount the College may invest in any one issuer. Currently the College has no investments which are exposed to concentration of credit risk.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. It occurs because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. The College does not have an investment policy regarding interest rate risk. Currently the College has no investments which are exposed to interest rate risk.

**Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Williamsburg Technical College does not maintain investments that are denominated in a currency other than the United States dollar; therefore, the college is not exposed to this risk.

**NOTE 3 - ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2009, including applicable allowances, were as follows:

	<b><u>2009</u></b>
Student Accounts	\$ 877,761
Federal Grants and Contracts	215,740
State Grants and Contracts	245,953
Nongovernmental Grants and Contracts	3,210
County Appropriations	7,103
Interest Receivable	<u>3,598</u>
Gross Receivables	1,353,365
Less: Allowance for Doubtful Accounts - Students	<u>(500,035)</u>
Receivables, net	<u>\$ 853,330</u>

**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2009**

**NOTE 3 - ACCOUNTS RECEIVABLE (continued)**

Allowances for losses for student accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account portfolio. At June 30, 2009, the allowance for uncollectible student accounts is valued at \$500,035. Bad debt expense recorded for the year totaled \$142,772.

**NOTE 4 - CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2009 was as follows:

	Beginning Balance July 1, 2008	Increases	Decreases	Ending Balance June 30, 2009
<b>Capital assets not being depreciated:</b>				
Land	\$ 127,190	\$ -	\$ -	\$ 127,190
<b>Other capital assets:</b>				
Buildings and improvements	3,128,862	-	-	3,128,862
Machinery, equipment, and other	987,719	35,228	(49,077)	973,870
Vehicles	32,451	7,568	-	40,019
Intangibles	308,720	-	-	308,720
Total other capital assets at historical cost	4,457,752	42,796	(49,077)	4,451,471
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	(2,373,927)	(103,114)	-	(2,477,041)
Machinery, equipment, and other	(912,006)	(33,905)	37,016	(908,895)
Vehicles	(27,945)	(2,208)	-	(30,153)
Intangibles	(308,720)	-	-	(308,720)
Total accumulated depreciation	(3,622,598)	(139,227)	37,016	(3,724,809)
Other capital assets, net	835,154	(96,431)	(12,061)	726,662
<b>Capital Assets, Net</b>	<b>\$ 962,344</b>	<b>\$ (96,431)</b>	<b>\$ (12,061)</b>	<b>\$ 853,852</b>

The Gain (Loss) on Disposal of Assets consisted of the following:

Loss on Disposal      \$(12,061)

**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2009**

**NOTE 5 - PENSION PLANS**

The Retirement Division of the State Budget and Control Board maintains four independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to Financial Services, South Carolina Retirement Systems, PO Box 11960, Columbia, South Carolina 29211. Furthermore, the Retirement System and the four pension plans are included in the CAFR of the State of South Carolina.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System and the Police Officers Retirement System are actuarially determined. Annual benefits, payable monthly for life, are based on length of service and on average final compensation.

*South Carolina Retirement System*

The majority of employees of the College are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, a public employee retirement system. Generally all State employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustment, death, and group-life insurance benefits to eligible employees and retirees.

On July 1, 2006, the required employee contribution increased to 6.50 percent. Effective July 1, 2008, the employer contribution rate became 12.89 percent which included a 3.50 percent surcharge to fund retiree health and dental insurance coverage. The College's actual contributions to the SCRS for the three most recent fiscal years ending June 30, 2009, 2008, and 2007, were \$257,340, \$244,425, and \$189,672, respectively, and equaled the required contributions of 9.24 percent (excluding the surcharge) for fiscal year 2009, 9.06 percent (excluding the surcharge) for fiscal year 2008, and 8.05 percent (excluding the surcharge) for fiscal year 2007. Also, the College paid employer group-life insurance contributions of \$4,177 in the current fiscal year at the rate of .15 percent of compensation.

*Optional Retirement Program*

The State Optional Retirement Program (State ORP) was first established as the Optional Retirement Program for Higher Education in 1987. In its current form, the State ORP is an alternative to the defined benefit SCRS plan offered to certain state, public school and higher education employees of the State. The State ORP, which is administered by the South Carolina Retirement Systems, is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by investment providers. The State assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers and are governed by the terms of the contracts issued by them.



**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2009**

**NOTE 5 - PENSION PLANS(continued)**

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 9.24 percent plus the retiree surcharge of 3.50 percent from the employer in fiscal year 2009. A direct remittance is required from the employers to the investment providers for the employee contribution (6.50 percent) and a portion of the employer contribution (5 percent). Also, a direct remittance is required to SCRS for a portion of the employer contribution (4.24 percent), which must be retained by SCRS.

Employees are eligible for group-life insurance benefits while participating in the State ORP. However, employees who participate in the State ORP are not eligible for postretirement group-life insurance benefits. For the fiscal year, total contribution requirements to the ORP were \$5,147 (excluding the surcharge) from Williamsburg Technical College as employer and \$3,620 from its employees as plan members. In addition, the College paid to the SCRS employer group-life insurance contributions of \$83 in the current fiscal year at the rate of .15 percent of compensation.

*Deferred Compensation Plans*

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the College have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

*Teacher and Employee Retention Incentive*

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit and are ineligible to receive group life insurance benefits or disability retirement benefits. Effective July 1, 2005, employees who choose to participate in the TERI Program are required to make SCRS contributions. Due to the South Carolina Supreme Court decision in *Layman et al v. South Carolina Retirement System and the State of South Carolina*, employees who chose to participate in the TERI Program, prior to July 1, 2005 will not be required to make SCRS contributions.

**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2009**

**NOTE 6 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**Plan Description**

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides postemployment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents. The College contributes to the Retiree Medical Plan (RMP) and the Long-term Disability Plan (LTDP), cost-sharing multiple-employer defined benefit postemployment healthcare and long-term disability plans administered by the Employee Insurance Program (EIP), a part of the State Budget and Control Board (SBCB). Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires May 2, 2008 and after, retirees 35are eligible for benefits if they have established twenty-five years of service for 100% employer funding and fifteen through twenty-four years of service for 50% employer funding. Benefits become effective when the former employee retires under a State retirement system. Basic long-term disability (BLTD) benefits are provided to active state, public school district and participating local government employees approved for disability.

**Funding Policies**

Section 1-11-710 and 1-11-720 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment healthcare and long-term disability benefits be funded though annual appropriations by the General Assembly for active employees to the EIP and participating retirees to the SBCB except the portion funded through the pension surcharge and provided from other applicable sources of the EIP for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, which was 3.50% of annual covered payroll for 2009, 3.42% of annual covered payroll for 2008, and 3.35% of annual covered payroll for 2007. The EIP sets the employer contribution rate based on a pay-as-you-go basis. The College's contributions to the SCRS for the three most recent fiscal years ending June 30, 2009, 2008, and 2007, were approximately \$90,000, \$95,000, and \$82,000, respectively, applicable to the surcharge included with the employer contribution for retirement benefits. BLTD benefits are funded through a per person premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to EIP was \$3.23 for the fiscal years ended June 30, 2009, 2008, and 2007.

Effective May 1, 2008 the State established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. The South Carolina Retiree Health Insurance Trust Fund is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated EIP reserves, and income generated from investments. The Long Term Disability Insurance Trust Fund is primarily funded through investment income and employer contributions.

One may obtain complete financial statements for the benefit plans and the trust funds from Employee Insurance Program, 1201 Main Street, Suite 360, Columbia, SC 29201.

**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2009**

**NOTE 7 - CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS**

The College is party to various lawsuits arising out of the normal conduct of its operations. In the opinion of College management, there are no material claims or lawsuits against the College that are not covered by insurance or whose settlement would materially affect the College's financial position.

The College participates in certain Federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

Necessary funding has been obtained for the acquisition, construction, renovation, and equipping of certain facilities, which will be capitalized in the applicable capital asset categories upon completion. At June 30, 2009, the College had no commitment balances outstanding.

The College anticipates funding future capital projects out of current resources, current and future bond issues, private gifts, student fees, and state capital improvement bond proceeds. The State has issued capital improvement bonds to fund improvements and expansion of state facilities. The College is not obligated to repay these funds to the State. Authorized funds can be requested as needed once State authorities have given approval to begin specific projects and project expenditures have been incurred. The College has \$774,647 of the original \$1,000,000 in State Capital Improvement Bond proceeds under Act No. 1 of 2001 available to draw at June 30, 2009. Although the State's draw schedule would permit the college to draw the remaining funds during fiscal year 2008-09, \$700,000 was appropriated for the construction of a technology building, and the College cannot draw the funds until it obtains the remaining necessary funding and State approvals for the building.

**NOTE 8 - LEASE OBLIGATIONS**

The College rents copiers that meet the definition of contingent rentals. During the fiscal year ending June 30, 2009 the College expended \$5,246 to external parties for these contingent rentals which are based upon the copier machine usage.

**NOTE 9 - LONG-TERM LIABILITIES**

Long-term liabilities activity for the year ended June 30, 2009 was as follows:

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Due Within One Year
Compensated Absences Payable	\$ 295,144	46,819	11,563	\$ 330,400	\$ 41,265



**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2009**

**NOTE 10 - RELATED PARTY**

Certain separately chartered legal entities whose activities are related to those of the College exist primarily to provide financial assistance and other support to the College and its educational program. They include the Williamsburg Technical College Foundation, Inc.

Management reviewed its relationship with the Foundation under the existing guidance of GASB Statement No. 14, as amended by GASB Statement No. 39. The College excluded this organization from the reporting entity because it is not financially accountable for it, and the Foundation's assets are not significant to the College's overall assets.

Following is a more detailed discussion of this entity and a summary of transactions between this entity and the College for the year ended June 30, 2009.

**The Williamsburg Technical College Foundation, Inc.**

The Foundation is a separately chartered corporation organized exclusively to receive and manage private funds for the exclusive benefit and support of the College. The Foundation's activities are governed by its Board of Directors.

The College recorded non-governmental gifts receipts of \$6,175 from the Foundation in non-operating revenues for the fiscal year ending June 30, 2009. The Foundation reimburses the College for any purchases made by the College on behalf of the Foundation. The Foundation's assets as of June 30, 2009 were \$347,831. There are no receivables or payables between the College and the Foundation as of June 30, 2009.

**NOTE 11 - STATE APPROPRIATIONS**

State funds for the South Carolina Technical College System are appropriated to the State Board for Technical and Comprehensive Education (the Board), and the Board allocates funds budgeted for the technical colleges in a uniform and equitable manner. Appropriations are recognized as revenue when received and available. Amounts that are not expended by fiscal year-end lapse and are required to be returned to the General Fund of the State unless the Board receives authorization from the General Assembly to carry the funds over to the next year.

The following is a reconciliation of the state appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2009:

**NON-CAPITAL APPROPRIATIONS**

Current year's appropriations:

Appropriations from State Board

State Board Allocation for Salaries and Benefits.....\$1,255,174

Appropriations for Trades Program (FY 2007-08)..... 300,000

Appropriations from SC Education Lottery Fund for Technology.....55,393

Subtotal State Appropriations.....1,610,567

Plus: Next year's appropriations recorded as current year revenue..... 17,646

Less: Current year's appropriation not recognized as revenue..... (228,043)

**Total non-capital appropriations recorded as current**

**year revenue.....\$1,400,170**

**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2009**

**NOTE 11 - STATE APPROPRIATIONS (continued)**

**CAPITAL IMPROVEMENT BOND PROCEEDS**

Proceeds drawn during the current fiscal year.....	\$ 13,213
Plus: Expenses incurred but appropriations drawn down in succeeding fiscal year.....	37,803
Less: Proceeds drawn in current fiscal year but expended during prior fiscal year.....	(13,213)
<b>Total capital improvement bonds proceeds recorded as current year revenue.....</b>	<b><u>\$ 37,803</u></b>

**NOTE 12 - RISK MANAGEMENT**

The College is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several state funds accumulate assets and the State itself assumes substantially all the risk for the following claims of covered employees:

- Unemployment compensation benefits
- Worker's compensation benefits for job-related illnesses or injuries
- Health and dental insurance benefits
- Long-term disability and group-life insurance benefits

Employees elect health insurance coverage through either a health maintenance organization or through the State's self-insured plan.

The College and other entities pay premiums to the State's Insurance Reserve Fund (IRF), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities:

- Theft, damage to, or destruction of assets
- Real property, its contents, and other equipment
- Motor vehicles and watercraft
- Torts
- Natural disasters

The IRF is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The IRF's rates are determined actuarially.

The College obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation.

**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2009**

**NOTE 13 - OPERATING EXPENSES BY FUNCTION**

Operating expenses by functional classification for the year ended June 30, 2009 are summarized as follows:

	<u>Salaries</u>	<u>Benefits</u>	<u>Scholarships</u>	<u>Utilities</u>	<u>Supplies and Services</u>	<u>Depreciation</u>	<u>Total</u>
Instruction	\$ 1,163,206	\$ 315,207	\$ -	\$ -	\$ 458,804	\$ -	\$ 1,937,217
Academic Support	561,931	164,919	-	-	242,635	-	969,485
Student Services	469,798	127,741	-	-	276,184	-	873,723
Operation and Maintenance of Plant	210,920	75,131	-	108,289	157,757	-	552,097
Institutional Support	518,135	141,103	-	-	302,212	-	961,450
Scholarships	-	-	377,260	-	-	-	377,260
Auxiliary Enterprises	33,543	9,360	-	-	305,486	-	348,389
Depreciation	-	-	-	-	-	139,227	139,227
Total Operating Expenses	<u>\$ 2,957,533</u>	<u>\$ 833,461</u>	<u>\$ 377,260</u>	<u>\$ 108,289</u>	<u>\$ 1,743,078</u>	<u>\$ 139,227</u>	<u>\$ 6,158,848</u>

**NOTE 14 - STATEMENT OF ACTIVITIES**

The following information is required by the Office of the Comptroller General for the State of South Carolina's comprehensive annual financial report:

	<u>2009</u>	<u>2008</u>	<u>Increase/ (Decrease)</u>
Charges for services	\$ 3,976,162	\$ 3,834,573	\$ 141,589
Operating grants and contributions	786,722	597,678	189,044
Less: expenses	<u>(6,158,849)</u>	<u>(6,489,826)</u>	<u>330,977</u>
Net program revenue (expense)	<u>(1,395,965)</u>	<u>(2,057,575)</u>	<u>661,610</u>
Transfers:			
State appropriations	1,400,170	2,045,303	(645,133)
Capital improvement bond proceeds	37,803	13,213	24,590
Less: loss on disposal of capital assets	<u>(12,061)</u>	<u>-</u>	<u>(12,061)</u>
Total general revenue and transfers	<u>1,425,912</u>	<u>2,058,516</u>	<u>(632,604)</u>
Change in net assets	29,947	941	29,006
Net assets-beginning	3,888,499	3,887,558	941
Net assets-ending	<u>\$ 3,918,446</u>	<u>\$ 3,888,499</u>	<u>\$ 29,947</u>

**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2009**

**NOTE 15 – TRANSACTIONS WITH OTHER AGENCIES**

The College had significant transactions with the State of South Carolina and various agencies.

Services received at no cost from State agencies include maintenance of certain accounting records by the Comptroller General; check preparation, banking, bond trustee, and investment services from the State Treasurer; and legal services from the Attorney General.

Other services received at no cost from the various offices of the State Budget and Control Board include pension plan administration, insurance plans administration, audit services, grant services, personnel management, assistance in the preparation of the State Budget, review and approval of certain budget amendments, procurement services, and other centralized functions.

**NOTE 16 – DONOR RESTRICTED ENDOWMENTS**

Current assets include \$78,952 short-term investments, restricted for endowments. The donors have provided specific instructions to authorize the interest on the investment of endowment funds to be spent on scholarships.

The endowments are included in a certificate of deposit as shown in Note 2 in the deposit section. At June 30, 2009, the endowments had no net appreciation. All is restricted and included in the restricted net assets. This is in compliance with SC Code of Laws Sections 34-6-20, 34-6-30, and 34-6-60.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE STATE LOTTERY  
TUITION ASSISTANCE PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH POLICY 3-2-307 AND PROCEDURE 3-2-307.1  
OF THE STATE BOARD FOR TECHNICAL AND COMPREHENSIVE EDUCATION

The President and Members of the Area Commission  
Williamsburg Technical College  
Kingstree, South Carolina

Compliance

We have audited the compliance of Williamsburg Technical College (the "College") with the types of compliance requirements described in Policy 3-2-307 and Procedure 3-2-307.1 of the State Board for Technical and Comprehensive Education that are applicable to the State Lottery Tuition Assistance Program for the year ended June 30, 2009. Compliance with the requirements of laws, regulations, contracts and grants applicable to the State Lottery Tuition Assistance Program is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Policy 3-2-307 and Procedure 3-2-307.1 of the State Board for Technical and Comprehensive Education. Those standards, policies and procedures require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the State Lottery Tuition Assistance Program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the College's compliance with those requirements.

In our opinion, Williamsburg Technical College complied, in all material respects, with the requirements referred to above that are applicable to the State Lottery Tuition Assistance Program for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to the State Lottery Tuition Assistance Program.

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In planning and performing our audit, we considered the College's internal control over compliance with requirements that could have a direct and material effect on the State Lottery Tuition Assistance Program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with Policy 3-2-307 and Procedure 3-2-307.1 of the State Board for Technical and Comprehensive Education.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of the State Lottery Tuition Assistance Program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer the State Lottery Tuition Assistance Program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of the State Lottery Tuition Assistance Program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State Lottery Tuition Assistance Program will not be prevented or detected by any entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Members of the Williamsburg Technical College Area Commission, management, and the State Board for Technical and Comprehensive Education and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "W. H. Strickland, Jr.", followed by the letters "LZP".

Florence, South Carolina  
September 30, 2009



**WILLIAMSBURG TECHNICAL COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2009**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Expenditures</b>
<b>US Department of Education</b>		
TRIO Cluster		
TRIO Program - Student Support Services	84.042	\$ 217,687
TRIO Program - Talent Search	84.044	283,480
TRIO Program - Upward Bound	84.047	<u>367,370</u>
Total TRIO Cluster		<u>868,537</u>
Student Financial Aid Cluster		
Federal College Workstudy	84.033	44,670
Federal Supplemental Educational Opportunity Grant	84.007	37,345
Federal Pell Grant Program	84.063	<u>1,601,849</u>
Total Student Financial Aid Cluster		<u>1,683,864</u>
<b>Pass through State Department of Education</b>		
Career and Technical Education - Basic Grants to States	84.048	<u>68,810</u>
<b>Total US Department of Education</b>		<b>2,621,211</b>
<b>US Department of Labor</b>		
Pass through State Department of Commerce		
Incentive Grants - WIA Section 503	17.267	6,266
<b>US Department of Health and Human Services</b>		
Pass through Greenville Technical College		
Child Care and Development Block Grant	93.575	<u>3,321</u>
<b>Total federal expenditures</b>		<b><u>\$ 2,630,798</u></b>

See accompanying notes to schedule of expenditures of federal awards.

**WILLIAMSBURG TECHNICAL COLLEGE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2009**

**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Williamsburg Technical College and is presented on the accrual basis, the same basis of accounting used to prepare the basic financial statements as described in Note 1 of the financial statements.

The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audit of States, Local Governments, and Non Profits Organizations. Therefore, some of the amounts presented in the schedule may differ from amounts used in the preparation of the basic financial statements (or reported in the federal financial reports).

**2. FEDERAL NON-CASH ASSISTANCE**

Williamsburg Technical College did not receive or expend federal awards in the form of non-cash assistance and had no federal loan guarantees at June 30, 2009.

**3. DETERMINATION OF MAJOR PROGRAMS**

Major federal programs, as indicated on the Schedule of Expenditures of Federal Awards, were determined in the accordance with OPMB Circular A-133. For the year ended at June 30, 2009, the following programs were determined to be major programs in accordance with OMB Circular A-133: Student Financial Aid Cluster, TRIO-Student Support Service, Talent Search, and Upward Bound. These programs were considered major programs because the expenditures exceeded \$300,000.

**4. RECONCILIATION OF CURRENT FUND REVENUES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE.**

Total per Schedule of Expenditures of Federal Awards	<u>\$ 2,630,798</u>
Total Federal Revenue per financial statement	
Federal Grants - Operating	\$ 2,627,477
Federal Grants - Nonoperating	<u>3,321</u>
	<u>\$ 2,630,798</u>



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS

The President and Members of the Area Commission  
Williamsburg Technical College  
Kingstree, South Carolina

We have audited the basic financial statements of Williamsburg Technical College (the "College") as of and for the year ended June 30, 2009, and have issued our report thereon dated September 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Williamsburg Technical College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Williamsburg Technical College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Williamsburg Technical College's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting. Refer to item 2009-1.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However we believe that the significant deficiency described above is not a material weakness.

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The President and Members of the Area Commission  
Williamsburg Technical College  
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Williamsburg Technical College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Members of the Williamsburg Technical College Area Commission, management, and federal awarding agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties.

*Walter Rogers LRP*

Florence, South Carolina  
September 30, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The President and Members of the Area Commission  
Williamsburg Technical College  
Kingstree, South Carolina

**Compliance**

We have audited the compliance of the Williamsburg Technical College (the "College") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB), Circular A-133 Compliance Supplement, that are applicable to each of its major federal programs for the year ended June 30, 2009. The College's major federal programs are identified in the Summary of Auditor's Results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the College's compliance with those requirements.

In our opinion, the College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

**Internal Control Over Compliance**

The management of Williamsburg Technical College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Williamsburg Technical College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but, not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Williamsburg Technical College's internal control over compliance.

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A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Williamsburg Technical College's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Williamsburg Technical College's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Members of the Williamsburg Technical College Area Commission, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Florence, South Carolina  
September 30, 2009

**WILLIAMSBURG TECHNICAL COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2009**

**I – Summary of Auditors' Results**

**Financial Statements**

Type of auditor's report issued:	<u>Unqualified Opinion</u>		
Internal control over financial reporting:			
Material weakness (es) identified?	<u>          </u> yes	<u>    X    </u> no	
Significant deficiency(s) identified not considered material weaknesses?	<u>    X    </u> yes	<u>          </u> none reported	
Noncompliance material to financial statements noted?	<u>          </u> yes	<u>    X    </u> no	

**Federal Awards**

Internal control over major programs:			
Material weakness(es) identified?	<u>          </u> yes	<u>    X    </u> no	
Significant deficiency(s) identified that are not considered material weaknesses?	<u>          </u> yes	<u>    X    </u> none reported	
Type of auditor's report issued on compliance for major programs:	<u>Unqualified Opinion</u>		
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?	<u>          </u> yes	<u>    X    </u> no	

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	Student Financial Aid Cluster
84.007	Federal Supplemental Educational Opportunity Grant
84.033	Federal College Work Study Programs
84.063	Federal Pell Grant Program

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	<u>    X    </u> yes <u>          </u> no

**WILLIAMSBURG TECHNICAL COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2009**

**II – Financial Statements Findings**

**2009-1      Monitoring of Receivables**

**Criteria:** Good business practice requires that an entity make persistent collection efforts and regularly review its accounts receivable for collectability, write off accounts that are deemed uncollectible, and to establish an adequate allowance for doubtful accounts receivable.

**Condition:** The College's Accounts Receivable—Students totaled nearly \$720,000 at June 30, 2009, an increase of approximately \$100,000. Of the \$720,000, nearly 75% (\$536,000) of the balance was over 90 days old and 60% (\$407,000) was over a year old. Although the College can participate in the SC Department of Revenue Debt Set-off program, only 103 accounts totaling around \$85,000 were submitted to the program during the year, resulting in collections of approximately \$16,000. Collection efforts on older accounts have been sporadic and only marginally successful.

**Effect:** The likelihood of successful collection of student account balances drops significantly as the account ages, especially if steady, persistent collection efforts are not applied. Additionally, the receivable balance continues to grow if accounts are not written off when deemed uncollectible. As a result, a significant allowance for uncollectible accounts is required to fairly value the College's accounts receivable.

**Recommendation:** We recommend that the College dedicate substantial time to the collection of old accounts and adopt a policy whereby staff can effectively identify those accounts which are most likely to yield results from collection efforts. This can be done by conducting an overall evaluation of the accounts and review the success rate of the collection efforts. Accounts that are assessed to be unlikely to be collected should be written off. We recommend that the College review the adequacy of the allowance for doubtful accounts during the year and appropriately adjust the allowance, recognizing the likelihood that accounts more than a year old will probably not be collected. These efforts should minimize the need for a year end adjustment of this account as well as improve the accuracy of the financial statements.

**Management Response:** *The College acknowledges the area of concern and will continue to pursue collections through the SC Department of Revenue Debt Set-off Program. The increase in the Accounts Receivable –Students is due in part to the increase in tuition cost as well as enrollment growth. The College will continue to process collection with the current staff. The College will investigate the potential benefits and feasibility of outsourcing collection efforts.*



**WILLIAMSBURG TECHNICAL COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2009**

**III – Federal Awards Findings**

NONE

**WILLIAMSBURG TECHNICAL COLLEGE  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2009**

**IV - Prior Year Findings and Questioned Costs**

NONE